

## **EXHIBIT 1**

### **INTRODUCTION**

Respondent International Brotherhood of Painters and Allied Trades Political Action Together Legislative and Educational Committee—Contribution Account (“Committee”) is a state general purpose recipient committee based in Washington, D.C. Respondent Committee is sponsored by the International Brotherhood of Painters and Allied Trades, a labor union. Respondent James Williams is treasurer of Respondent Committee. As a recipient committee, Respondent Committee had an obligation under the Political Reform Act (the “Act”)<sup>1</sup> to disclose within 24 hours any late contribution made by Respondent Committee in a properly filed late contribution report. In this matter, Respondents failed to disclose in properly filed late contributions reports that it made 11 late contributions totaling \$35,500 during four reporting periods.

For the purposes of this stipulation, Respondents’ violations of the Act are stated as follows:

- COUNT 1:** Respondents International Brotherhood of Painters and Allied Trades Political Action Together Legislative and Educational Committee—Contribution Account and James Williams failed to disclose a \$2,500 late contribution made to California Treasurer candidate Phil Angelides in a properly filed late contribution report, by the May 30, 1998 due date, in violation of section 84203, subdivision (a).
- COUNT 2:** Respondents International Brotherhood of Painters and Allied Trades Political Action Together Legislative and Educational Committee—Contribution Account and James Williams failed to disclose a \$1,000 late contribution made to Sacramento City Council candidate Dave Jones in a properly filed late contribution report, by the March 2, 2000 due date, in violation of section 84203, subdivision (a).
- COUNT 3:** Respondents International Brotherhood of Painters and Allied Trades Political Action Together Legislative and Educational Committee—Contribution Account and James Williams failed to disclose a \$1,000 late contribution made to Sacramento mayoral candidate Rob Kerth in a properly filed late contribution report, by the March 2, 2000 due date, in violation of section 84203, subdivision (a).

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<sup>1</sup> The Political Reform Act is contained in Government Code sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in sections 18109 through 18997 of title 2 of the California Code of Regulations. All regulatory references are to title 2, division 6 of the California Code of Regulations, unless otherwise indicated.

- COUNT 4: Respondents International Brotherhood of Painters and Allied Trades Political Action Together Legislative and Educational Committee—Contribution Account and James Williams failed to disclose a \$1,000 late contribution made to Sacramento City Council candidate Sandy Sheedy in a properly filed late contribution report, by the March 2, 2000 due date, in violation of section 84203, subdivision (a).
- COUNT 5: Respondents International Brotherhood of Painters and Allied Trades Political Action Together Legislative and Educational Committee—Contribution Account and James Williams failed to disclose a \$1,000 late contribution made to Sacramento City Council candidate Bonnie Pannell in a properly filed late contribution report, by the March 2, 2000 due date, in violation of section 84203, subdivision (a).
- COUNT 6: Respondents International Brotherhood of Painters and Allied Trades Political Action Together Legislative and Educational Committee—Contribution Account and James Williams failed to disclose a \$1,000 late contribution made to California State Assembly candidate Debra Gravert in a properly filed late contribution report, by the March 2, 2000 due date, in violation of section 84203, subdivision (a).
- COUNT 7: Respondents International Brotherhood of Painters and Allied Trades Political Action Together Legislative and Educational Committee—Contribution Account and James Williams failed to disclose a \$1,000 late contribution made to California State Assembly candidate Barbara Matthews in a properly filed late contribution report, by the March 2, 2000 due date, in violation of section 84203, subdivision (a).
- COUNT 8: Respondents International Brotherhood of Painters and Allied Trades Political Action Together Legislative and Educational Committee—Contribution Account and James Williams failed to disclose a \$2,500 late contribution made to Alameda County supervisorial candidate Nate Miley in a properly filed late contribution report, by the November 2, 2000 due date, in violation of section 84203, subdivision (a).
- COUNT 9: Respondents International Brotherhood of Painters and Allied Trades Political Action Together Legislative and Educational Committee—Contribution Account and James Williams failed to disclose a \$3,000 late contribution made to California State Assembly candidate Charles Ramsey in a properly filed late

contribution report, by the October 25, 2002 due date, in violation of section 84203, subdivision (a).

COUNT 10: Respondents International Brotherhood of Painters and Allied Trades Political Action Together Legislative and Educational Committee—Contribution Account and James Williams failed to disclose a \$1,500 late contribution made to Napa Valley Unified School District candidate Thomas Kensok in a properly filed late contribution report, by the October 25, 2002 due date, in violation of section 84203, subdivision (a).

COUNT 11: Respondents International Brotherhood of Painters and Allied Trades Political Action Together Legislative and Educational Committee—Contribution Account and James Williams failed to disclose a \$20,000 late contribution made to California lieutenant gubernatorial candidate Cruz Bustamante in a properly filed late contribution report, by the October 31, 2002 due date, in violation of section 84203, subdivision (a).

### **SUMMARY OF THE LAW**

An express purpose of the Act, as set forth in section 81002, subdivision (a), is to ensure that receipts and expenditures in election campaigns be fully and truthfully disclosed, in order for voters to be fully informed and improper practices inhibited. To that end, the Act sets forth a comprehensive campaign reporting system.

Section 82013, subdivision (a) defines a “committee” as any person or combination of persons who directly or indirectly receives contributions totaling \$1,000 or more in a calendar year. This type of committee is commonly referred to as a “recipient” committee. Under section 82048.7, subdivision (a), a recipient committee, other than a candidate controlled committee, that has or more sponsors is a “sponsored committee.” A “state general purpose committee,” as defined in section 82027.5, subdivision (b) is a recipient committee that exists primarily to support or oppose candidates or measures being voted on in a state election

Under section 84203, subdivision (a), when a recipient committee makes or receives a late contribution, the committee must file a late contribution report in paper format disclosing the contribution within 24 hours of making or receiving the contribution. Section 82036 defines a “late contribution” as a contribution aggregating \$1,000 or more that is made or received before an election, but after the closing date of the last pre-election campaign statement that is required to be filed. Under section 84200.7, subdivision (a), for an election held in June of an even-numbered year, the late contribution reporting period covers the last 16 days before the June election. Under section 84200.7, subdivision (b), for an election held in November of an even-numbered year, the late contribution reporting period covers the last 16 days before the November election.

Under section 81004, subdivision (b), section 84100, and regulation 18427, subdivision (c), it is the duty of a committee's treasurer to ensure that the committee complies with all of the requirements of the Act concerning the receipt and expenditure of funds, and the reporting of such funds. A committee's treasurer may be held jointly and severally liable, along with the committee, for any reporting violations committed by the committee. (Sections 83116.5 and 91006.)

### SUMMARY OF THE FACTS

Respondent Committee is a state general purpose recipient committee based in Washington, D.C. Respondent Committee is sponsored by the International Brotherhood of Painters and Allied Trades, a labor union. Respondent James Williams is treasurer of Respondent Committee.

As a recipient committee, Respondent Committee had an obligation to disclose any late contribution made by Respondent Committee in a properly filed late contribution report within 24 hours of making the late contribution. In this matter, Respondents failed to disclose in properly filed late contributions reports that it made 11 late contributions totaling \$35,500. For each late contribution that Respondents made, but that was not properly disclosed, the following table sets forth by count the recipient, date, and the amount:

Count	Date	Election	Recipient of Late Contribution	Amount
1	05/30/98	06/02/98	Phil Angelides, State Treasurer Candidate	\$2,500
2	03/02/00	03/07/00	Dave Jones Sacramento City Council Candidate, 6 <sup>th</sup> Dist.	\$1,000
3	03/02/00	03/07/00	Rob Kerth, Mayor of Sacramento Candidate	\$1,000
4	03/02/00	03/07/00	Sandy Sheedy Sacramento City Council Candidate, 2 <sup>nd</sup> Dist.	\$1,000
5	03/02/00	03/07/00	Bonnie Pannell Sacramento City Council Candidate, 8 <sup>th</sup> Dist.	\$1,000
6	03/02/00	03/07/00	Debra Gravert, Assembly Candidate, 10 <sup>th</sup> Dist.	\$1,000
7	03/02/00	03/07/00	Barbara Matthews Assembly Candidate, 17 <sup>th</sup> Dist.	\$1,000
8	11/02/00	11/07/00	Nate Miley Alameda County Board of Sups. Candidate	\$2,500
9	10/25/02	11/05/02	Charles Ramsey, Assembly Candidate, 14 <sup>th</sup> Dist.	\$3,000
10	10/25/02	11/05/02	Thomas Kensok Napa Valley Unified School District, Area 3	\$1,500
11	10/31/02	11/05/02	Cruz Bustamante California Lieutenant Governor Candidate	\$20,000
<b>Total</b>				<b>\$35,500</b>

By failing to disclose in properly filed late contribution reports that Respondents made 11 contributions totaling \$35,500, Respondents committed 11 violations of section 84203, subdivision (a).

## **CONCLUSION**

This matter consists of 11 counts, which carry a maximum possible administrative penalty of Two Thousand Dollars (\$2,000) per violation for Counts 1 through 8, and Five Thousand Dollars (\$5,000) per violation for Counts 9 through 11, for a total administrative penalty of Thirty-one Thousand Dollars (\$31,000).<sup>2</sup>

Under the Enforcement Division's Streamlined Late Contribution Enforcement Program, the approved administrative penalty for failing to timely disclose a late contribution is 15 percent of the amount of the undisclosed contribution. For late contribution cases that are not resolved in the streamlined program, the typical administrative penalty is 15 to 25 percent of the amount of the undisclosed contribution, depending on the circumstances of the violation.

In this matter, the violations were part of a pattern, occurring in four separate elections, over the course of four years. However, the amount of undisclosed late contributions was not a significant amount. Therefore, imposition of a penalty in the middle of the settlement range is appropriate.

Accordingly, the facts of this case justify imposition of the agreed upon penalty of Seven Thousand Dollars (\$7,000).

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<sup>2</sup> On January 1, 2001, the maximum administrative penalty increased from Two Thousand Dollars (\$2,000) to Five Thousand Dollars (\$5,000) for violations occurring after that date.